



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 23<sup>RD</sup> AUGUST 2019

### DOMESTIC NEWS

The local unit shed off its recently acquired gains against the greenback on Thursday due to incessant demand for foreign currency being witnessed from dollar buyers across the energy and manufacturing sectors as well as covering by interbank players. Resurgent dollar demand pushed the USDKES pair up while the foreign currency inflows that previously offered support to the local unit thinned out leaving the home unit exposed. By close of trade, the local currency stood at 103.00/20, as compared to Wednesday's close of 102.80/00.

Looking ahead, we expect the shilling will likely come under pressure versus the dollar in the near term as end month market dynamics start to shape up. In the meantime, the Central Bank of Kenya stayed out of the repo market.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.60	106.60	100.60	105.60
GBP/KES	122.00	130.00	122.55	129.55
EUR/KES	110.60	117.60	111.10	117.10
AED/KES	26.57	29.57	26.57	29.57

Money Market Rates	Current	Previous	Change
Interbank Rate	3.489%	3.317%	0.172
91-Day T-bill	6.398%	6.355%	0.043
182-Day T-Bill	7.020%	7.052%	-0.032
364-Day T-Bill	9.248%	9.195%	0.053
Inflation	6.270%	5.700%	0.570
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar dipped on Thursday before recovering after data showed a decline in the manufacturing and services sector as businesses remain wary about the health of the U.S. economy. In addition, traders were also focused on comments from Federal Reserve members at the central banks annual meeting in Jackson Hole, Wyoming. Powell is likely to acknowledge later Friday that fallout from the U.S.-China trade war may worsen a global economic slowdown and ultimately make more U.S. rate cuts necessary but is expected also to try to ensure that he is not seen as bowing before repeated attacks from President Donald Trump for not easing policy further.

The GBP/USD pair jumped to \$1.2239. Sterling recovered after German Chancellor Angela Merkel said it was possible a solution to the Irish backstop could be found before the U.K. leaves the European Union on Oct. 31. Johnson demanded on Tuesday that the backstop be removed from the divorce deal. The backstop agreement is an insurance policy to keep the Irish border open after Britain leaves the EU.

The euro failed to close above 1.11 for the fourth straight day on Thursday at 1.1060. The pair, however, will likely end up falling below 1.10 if Powell refrains from signaling additional easing, forcing markets to price out prospects of a September rate cut.

The Japanese Yen is losing altitude at 106.50 possibly due to dismal Japanese inflation data and the resulting rise in the dovish Bank of Japan expectations.

Elsewhere, global oil prices clawed back the previous day's losses on Friday, nudging above \$60 a barrel, as tighter supplies from key producers offset slowing demand growth and investors await clues on the U.S. Federal Reserve's monetary policy.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.50%	2.00%	2.00%	
1 Month	7.00%	2.50%	2.50%	
3 Months	8.00%	2.75%	2.75%	
6 Months	8.50%	3.50%	3.50%	
1 year	9.00%	3.75%	3.75%	

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1000	1.1120
GBP/USD	1.2200	1.2300
USD/AED	3.6675	3.6775
USD/JPY	106.05	107.50

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